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BiH Dairy and Bovine Genetics Market Overview

Report Categories:

Product Brief

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Report Highlights:

BiH's average milk production per cow is 2,612 liters, which is considerably lower than the European Union (EU) average of 6,768 liters. Three-fourths of 15,000 dairy farms hold less than 5 cows and two-thirds of the total milk produced is marketed informally or processed and consumed at the farm. Simmental and crosses (combined milk and beef breeds) account for two-thirds of all dairy cows, while Holstein-Friesian (milk breeds) and crosses account for only 8.5 percent. There is a need for genetic improvement of BiH's dairy herds to increase the production of milk and meat and create higher income for the rural population. A market opportunity exists for U.S. exporters of premium genetic material, including embryo transfer.

General Information:

Dairy and Cattle Genetics Sector Overview

BiH's annual milk production is 650,000,000 liters (l) from 250,500 dairy cows, resulting in an average milk production per cow of 2,612 liters (considerably lower than the European Union's (EU) average of 6,768 l. Milk for processing is collected from approximately 15,000 farms, of which 75 percent are small (composed of less than five cows). The dairy industry processes roughly one-third of the milk produced, while one-third is marketed informally, and one-third is used on farm.

Table 1: Milk production in BiH, neighboring countries and EU

Country	Number of Dairy Cows	Milk Production (million l)	Annual Production /Cow (l)	Milk Processed in Dairies (million l)	Milk Buy-Off Price EUR/l
BiH	250,500	652.5	2,612	225.1	0,32 -0,35
Croatia	189 500	760.0	4,037	503.6	0,37-0,38
Serbia	503,000	1,500.0	2,950	710.0	0,31 – 0,33
EU - 28	22,400,000	151,600.0	6,768	141,400.0	0.38

Source: Milkprocessing 2013; \$1.00 = EUR 0.788

One of the reasons for the lower BiH milk production is the generally unfavorable breed selection for dairy production and the current herd's low genetic potential. The breeds being used vary based on the intensity of production and geographic area. Two-thirds of all cows are currently Simmental and Simmental crosses (combined milk and beef breeds). Holstein-Friesian (milk breed) and crosses account for only 8.5 percent. Other breeds include alpine dairy breeds and local breeds such as Busa and Gatacko breeds.

Milk Processing

In 2013, there were 26 market-relevant dairies, in addition to the many small family dairies which mainly focus on the local market. There are five large dairies that process 79.6 percent of the total quantity of processed milk.

Table 2: Production of dairy products in market - relevant dairies in BiH in 2013

Product	2012		2013		Index
	No. of Dairies	1,000 l/kg	No. of Dairies	1,000 l/kg	2013/2012
Pasteurized milk	13	6,325.5	14	5,677.7	90.0
Long-life milk (UHT)	7	118,411.4	6	121,808.1	102.8
Yoghurt	17	26,052.8	17	27,931.9	108.1
Fermented Products	8	1,214.1	8	1,394.6	114.8
Sour Cream	13	15,460.2	13	17,478.4	113.0
Milk Spreads	9	1,197.1	9	1,059.0	88.5

Butter	5	314.5	5	444.1	141.1
Cheese	15	6,323.6	15	5,359.8	86.5
Total Milk Processed (1,000 l)	238,530.9		221,827.9		97.0

Source: Milk processing 2013

In 2013, a production growth was recorded for long-life/UHT milk, yogurt, cream, butter and fermented beverages. The biggest drop in production was recorded for cheese (13.5 percent), mainly because of the loss of the Croatian market following Croatia's EU membership. BiH cannot export dairy products to the EU market because it has yet to be recognized by the EU's authorities as having equivalent sanitary standards. In 2013, approximately 95.1 percent of the raw milk for processing was sourced locally and 4.9 percent was imported.

Trade in Dairy Products

In 2013, BiH imported dairy products valued at \$110 million (155.7 million KM), up 0.7 percent from 2012. Meanwhile, BiH's dairy exports were valued at \$54 million (77.1 million KM), down 7.1 percent from the previous year.

In 2013, EU countries held the largest share of BiH's dairy imports accounting for 63.6 percent (an increase of 39.5 percent compared to 2012). Central European Free Trade Agreement (CEFTA) countries' enjoyed a 36.3 percent market share (a decline of -19.7 percent compared to 2012). The decline in dairy imports from CEFTA countries can be accounted for by reductions in imports from Croatia (-36.2 percent) and from Serbia (-15.8 percent).

In 2013, BiH mostly imported cheese (38.6 percent), yogurt and fermented beverages (23.2 percent) and long-life/UHT milk (12.2 percent).

In terms of BiH's exports, UHT milk accounted for 70.2 percent of all BiH's dairy exports and the main markets were Croatia (32.4 percent) and Montenegro (27.3 percent). BiH exclusively export dairy products to the CEFTA region. Exports to Croatia dropped by 40 percent, when Croatia joined the European Union on July 1, 2013 and left CEFTA. Exports to Montenegro grew nearly three times and exports to Kosovo also increased 25 percent and therefore export to Serbia declined 30.8 percent in 2013.

Table 3: BiH's Trade in Dairy Products in 2013

Country	Import (1,000 KM)		Export (1,000 KM)	
	2012	2013	2012	2013
CEFTA				
- Croatia	69,379.4	44,271.2	41,664.6	24,941.6
- Serbia	13,823.9	11,635.2	18,208.3	12,607.9
- Montenegro	-	-	5,356.7	21,020.1
- Macedonia	340.0	586.8	12,231.8	11,581.7
- Kosovo	-	-	4,684.7	5,871.8
- Other Countries	-	-	621.1	1,042.0
Total CEFTA	83,543.3	56,493.1	82,767.2	77,065.1

EU	71,037.6	99,092.7	-	-
Other Countries	8.7	124.4	194.5	-
Grand Total	154,589.6	155,710.3	82,961.7	77,065.1

Source: Milkprocessing 2013; \$1.00 = KM 1.54

Cattle Genetics

The market for bovine semen in Bosnia and Herzegovina is estimated to be about 350,000 - 400,000 doses annually. Domestic production is approximately 150,000 doses. Bovine genetic imports come mainly from European countries (Austria, Germany, Slovenia, and Croatia). Import tariffs range from zero to ten percent for animal genetics.

Table 4:– Import Tariffs for Live Animals and Bulls Semen to BiH

Commodity	Import Tariff
Breeding heifers	5%
Breeding cows	10%
Bulls' semen	5%

Artificial insemination (AI) in BiH traditionally has been done by official veterinarians through a network of veterinary stations. Farmers are allowed to perform artificial insemination only if they pass a special training on AI. Embryo transfers in BiH have only been done for experimental purposes and there have been no commercial activities in this area.

According to existing regulations, all cattle should be artificially inseminated or mated with a licensed bull. However, for the most part, there are no instruments to truly enforce these regulations. Controlled and artificial inseminations have been estimated at about 50 percent of animals. Since some levels of the government subsidize AI of animals in some areas of the country, the percentage is slightly higher for those areas. However, both government officials and farmers have become more and more aware of the need for genetic improvement programs aimed at increasing milk and meat production and improving income levels for rural communities.

Quality and Import Requirements for Bulls' Semen

Supply of deep-frozen semen to the BiH market is done through the Veterinary-Cattle Center in Banja Luka that produces deep-frozen bull semen and is the only production facility of this kind in BiH. Its annual semen production is approximately 150,000 doses. The two main commercial semen importers and distributors are BOSNA VET doo and UNA VET doo. Monitoring and quality control for imported semen is mainly done at the Veterinary Faculty- Sarajevo. Storage and distribution of frozen semen is regulated by law that stipulates the technical requirements for the distributors who must obtain a license from the Entity Ministry of Agriculture.

For the Federation of BiH

Import of semen for artificial insemination can be carried out only by importers that are registered for import and distribution (only three companies, "BOSNA VET" Zenica and "UNA VET" Sarajevo for import and "POLJOVET" Gradacac for distribution within BiH).

Per Article 26 of the Veterinary Law ("Official Gazette of the Federation BiH", No. 46/00), "semen must be protected from infectious and other diseases" and or obtained from males which are being protected from infectious and other diseases (preventive vaccinations, diagnostic testing and tagging of animals, including measures for the detection and prevention of infectious and other diseases of animals).

Also, materials used in AI must comply with the provisions of the Ordinance on the requirements for the importation of semen for artificial insemination of animals and fertilized eggs and their use in animal husbandry ("Official Gazette of the Federation of BiH", no. 4/01 and 25/04), as follows:

In accordance with Article 8 of the Ordinance on the insemination straws, the name, breed, origin, batch number and date of semen production should be indicated;

- The minimum number of spermatozoa must be 10-15 million;
- Minimum percentage of progressively motile sperm should be 70%;
- Maximum percentage of abnormal sperm can only be 10%;
- Maximum percentage of immature sperm can only be 1%.
- In accordance with Article 9 of the Ordinance the material must not be mechanically contaminated;
- Must not contain any biological agents (microorganisms);
- The material should not contain any inorganic agents, which could result in less or no animal breeding or genetic changes in the offspring;
- To identify the harmful agent, the material must undergo microbiology, virology and radiation checks before export or distribution.

Each genetic material consignment for AI must be accompanied by a certificate (veterinary certificate) which must comply with the provisions of Article 13 of the Ordinance, certifying that the consignment conforms to the conditions laid down in the International Animal Health Code (OIE).

For the Republika Srpska

There is only one importer - the Veterinary-Livestock Center Banja Luka. The Ministry of Agriculture issues its consent based on information supplied by the exporter relating to semen quality (there are no published requirements available).

A final import permit must be obtained on a shipment by shipment basis from the State Veterinary Office. Semen shipments are subject to veterinary border inspection and are put into quarantine for a certain period (between 21 and 30 days).

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